

CITY OF GLENARDEN
AUDITED FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020

CITY OF GLENARDEN

CONTENTS

	Page
Independent Auditors' Report	1 - 2
Management Discussion and Analysis	3 - 8
Statement of Net Position	9
Statement of Activities	10
Balance Sheet – Governmental Funds	11
Reconciliation of Balance Sheet - Governmental Funds to the Statement of Net Position	12
Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental Funds	13
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	14
Statement of Net Position – Proprietary Fund	15
Statement of Revenues, Expenses and Changes in Fund Net Position – Proprietary Fund	16
Statement of Cash Flows – Proprietary Fund	17
Statement of Fiduciary Net Position – Fiduciary Fund	18
Statement of Changes in Fiduciary Net Position – Fiduciary Fund	18
Notes to Financial Statements	19 - 33
Required Supplementary Information:	
Schedule of Revenues and Expenditures Budget and Actual - General Fund	34
Schedule of Revenues and Expenditures Budget and Actual - Special Revenue Fund	35
Notes to Required Supplementary Information	36



Independent Auditors' Report

To the Mayor and City Council
City of Glenarden
Glenarden, MD

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of Glenarden as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Glenarden as of June 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Independent Auditors' Report (continued)

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 through 8 and 34 through 36 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Weyrich, Cronin & Sorsa, LLC

February 24, 2021
Hunt Valley, MD

CITY OF GLENARDEN

Management Discussion and Analysis June 30, 2020

FINANCIAL HIGHLIGHTS

- Net position is the amount by which total assets exceed total liabilities. At June 30, 2020, net position of the City of Glenarden amounted to \$9,370,592.
- Governmental activities and business-type activities resulted in an increase in net position of \$1,061,086 and decrease of (\$103,477), respectively.
- Total revenues from governmental activities including transfers from business-type activities for the year were \$5,073,756, and total expenses from governmental activities were \$4,012,670.
- The City's business-type activity (the Gold Room) produced \$17,492 of revenue.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the basic financial statements. The basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. In addition, this report contains other supplemental information, including budgetary information, which serves to enhance the reader's understanding of the financial condition of the City of Glenarden.

Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The two government-wide statements report the City's net position and how they have changed. Net position is the difference between the City's total assets and total liabilities.

- The statement of *net position presents* information on all of the City's assets and liabilities, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.
- The *statement of activities* presents information about how net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenditures are reported in this statement for some items that will result in cash flows in future fiscal periods (e.g., uncollected taxes).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include: general government, public safety, public works, recreation, and cable. The business-type activity for the City is operation of the Gold Room hall.

The government-wide financial statements are presented on pages 9 and 10.

CITY OF GLENARDEN

Management Discussion and Analysis June 30, 2020

Fund Financial Statements

The fund financial statements provide a more detailed view of the City's most significant activities. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Glenarden, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The City's funds include governmental funds, which are comprised of general, special revenue and capital projects funds, a proprietary fund, which accounts for activities of the Gold Room, and a fiduciary fund, which accounts for those assets held in a trustee capacity for the benefit of others.

- Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide reconciliation to allow readers to compare governmental funds and governmental activities.

The governmental fund financial statements are presented on pages 11 through 14.

- Proprietary funds. One type of proprietary fund is an enterprise fund, which is used to report the same functions presented as business-type activities in the government-wide financial statements. The City's enterprise fund accounts for the activities of the Gold Room.

The proprietary fund financial statements are presented on pages 15 through 17.

- Fiduciary funds are used to account for assets held by the City in a trustee capacity on behalf of others. As such, fiduciary funds are not reported in the government-wide statements. The City's fiduciary fund accounts for the City of Glenarden Defined Contribution Pension Fund and the City of Glenarden 457 Deferred Compensation Plan.

The fiduciary fund financial statements are presented on page 18.

Notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. Information presented in the notes to the financial statements includes summaries of significant accounting policies, disclosures about capital asset activity and depreciation, and principal and interest requirements related to long-term debt.

The notes to the financial statements are presented on pages 19 through 33.

Supplementary information reflects comparisons between budget and actual revenues and expenditures for the fiscal year ended June 30, 2020. These budget-to-actual comparisons are presented on pages 34 through 36.

CITY OF GLENARDEN

Management Discussion and Analysis
June 30, 2020

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve as a useful indicator of a government's financial position over time. The City's total net position as of June 30, 2020 was \$9,370,592.

The largest portion of the City's net position represents unrestricted net position, which may be used to meet the City's ongoing obligations to citizens and creditors. As of June 30, 2020, unrestricted net position totaled \$4,885,759 and represented 52% of total net position.

The second largest portion of the City's net position reflects its investment in capital assets (i.e. land, buildings, infrastructure and equipment), net of related debt. As of June 30, 2020, investment in capital assets totaled \$2,944,924, comprising 31% of total net position.

The remaining balance of net position is restricted net position which represents resources that are subject to external restrictions on how they may be used. As of June 30, 2020 restricted net position totaled \$1,539,909 and represented 17% of total net position.

The following table is a condensed statement of net position:

City of Glenarden						
Condensed Statement of Net Position						
	Governmental Activities		Business Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Current and						
Other Assets	\$ 7,536,696	\$ 6,436,786	\$ (788,538)	\$ (722,020)	\$ 6,748,158	\$ 5,714,766
Capital Assets	2,525,119	2,540,795	496,892	528,431	3,022,011	3,069,226
Total Assets	10,061,815	8,977,581	(291,646)	(193,589)	9,770,169	8,783,992
Long-term						
Liabilities	178,116	151,581	2,219	261	180,335	151,842
Other Liabilities	212,662	216,049	6,580	3,118	219,242	219,167
Total Liabilities	390,778	367,630	8,799	3,379	399,577	371,009
Net Position						
Net investment in						
capital assets	2,448,032	2,461,836	496,892	528,431	2,944,924	2,220,864
Restricted	1,539,909	1,360,592	- 0 -	- 0 -	1,539,909	1,360,592
Unrestricted	5,683,096	4,787,523	(797,337)	(725,399)	4,885,759	3,855,185
	\$ 9,671,037	\$ 8,609,951	\$ (300,445)	\$ (196,968)	\$9,370,592	\$7,436,641

The statement of activities presents information about how net position changed during the year. The net position balance changes as (1) expenses are incurred to provide services to citizens and run the government and (2) revenues are raised to fund those costs.

CITY OF GLENARDEN

Management Discussion and Analysis June 30, 2020

The following table is a condensed statement of activities for the years ended June 30, 2020 and 2019:

City of Glenarden Condensed Statement of Activities

	Governmental Activities		Business Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Revenue						
Program revenue:						
Charges for services	\$ 718,584	\$ 671,937	\$ 17,462	\$ - 0 -	\$ 736,046	\$ 671,937
Operating grants/contributions	405,825	308,645	- 0 -	- 0 -	405,825	308,645
Capital grants/contributions	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -
General revenue:						
Property and income taxes	3,746,002	3,581,823	- 0 -	- 0 -	3,746,002	3,581,823
Other taxes	68,286	208,979	- 0 -	- 0 -	68,286	208,979
Licenses/permits	100,297	84,737	- 0 -	- 0 -	100,297	84,737
Investment income	8,695	10,661	30	26	8,725	10,687
Transfers in(out)	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -
Miscellaneous	26,067	33,486	- 0 -	- 0 -	26,067	33,486
Total revenue	5,073,756	4,900,268	17,492	26	5,091,248	4,900,294
Expenses						
General government	1,611,902	1,444,227	- 0 -	- 0 -	1,611,902	1,444,227
Public safety	1,390,860	1,293,820	- 0 -	- 0 -	1,390,860	1,293,820
Public works	968,754	951,268	- 0 -	- 0 -	968,754	951,268
Recreation	3,892	810	- 0 -	- 0 -	3,892	810
Cable	34,667	54,522	- 0 -	- 0 -	34,667	54,522
Interest	2,595	3,374	- 0 -	- 0 -	2,595	3,374
Gold Room	- 0 -	- 0 -	120,969	84,432	120,969	84,432
Total expenses	4,012,670	3,748,021	120,969	84,432	4,133,639	3,832,453
Increase (decrease) in net position	1,061,086	1,152,247	(103,477)	(84,406)	957,609	1,067,841
Net position, beginning of year	8,609,951	7,457,704	(196,968)	(112,562)	8,412,983	7,345,142
Net position, end of year	\$ 9,671,037	\$8,609,951	\$ (300,445)	\$(196,968)	\$9,370,592	\$8,412,983

Governmental Activities

Governmental activities for the year ended June 30, 2020 increased the City's net position by \$1,061,086 as governmental revenues exceeded governmental expenses. Total governmental revenues increased when compared to the prior year.

Total revenues from governmental activities increased by 3.5% - from \$4,900,268 in fiscal year 2019 to \$5,073,756 in fiscal year 2020. The major sources of revenue and their percentages of total revenue were property, income and other taxes (73.8%), grants and contributions (8.0%), special assessments for street lights /sanitation and other charges for services (14.2%), and all other income (4.0%).

Since 2016 the City had an increase in tax revenues due to an increase in real estate taxes and in income tax revenue which resulted from the onboarding of new residents in the Woodmore Town Centre Development in Glenarden.

CITY OF GLENARDEN

Management Discussion and Analysis June 30, 2020

The Woodmore Town Centre Project is a development of new homes and a shopping center located in Glenarden. When completed, the Woodmore Towne Centre at Glenarden will have 479 new homes and 700,000 square feet of retail space for new businesses along with 2 hotels and a conference center.

Total expenses from governmental activities increased by 7.06% - from \$3,748,021 in fiscal year 2019 to \$4,012,670 in fiscal year 2020.

Business Type Activities

Business-type activities incurred a loss from operations in the amount of (\$103,477). Business Type Activities were suspended due to repairs to the roof of the building and other renovations to the Gold Room. The Gold Room opened back up in October 2019, but then closed in March 2020 due to the Pandemic of 2020. The Gold Room is now closed until we can get a handle on the Pandemic.

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

As noted earlier, the City of Glenarden uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds

The City's general government functions are accounted for in the General, Special Revenue and Capital Projects funds. The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of expendable resources. Such information is useful in assessing the City's financing requirements. In particular, unreserved fund balances may serve as a useful measure of net resources available for spending at the end of the fiscal year.

The general fund is the chief operating fund of the City of Glenarden. At June 30, 2020, the fund balance of the general fund totaled \$4,802,642, an increase of \$749,629 from the previous year.

The fund balance of the capital projects fund increased by 14.4% from the prior fiscal year. This increase is the result of revenues exceeding expenditures. The City incurred capital expenditures of \$126,186 which included expenditures for maintenance of new trees in the City's Tree Plan, expenditures on the roof, some street paving, new computers and network cabling in the building.

The fund balance of the special revenue fund increased by 7.6% from the prior fiscal year. This increase is the result of revenues exceeding expenditures.

BUDGETARY HIGHLIGHTS

For the year ended June 30, 2020, actual general fund revenues including other financing sources totaled \$4,513,439 compared to the final budgeted amount including other financing sources of \$4,606,988. Budgeted revenues exceeded actual revenues by 2.1% due a reduction in anticipated permit fees.

CITY OF GLENARDEN

Management Discussion and Analysis
June 30, 2020

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital assets

The City's investment in governmental capital assets and business-type capital assets (net of accumulated depreciation) of \$2,525,119 and \$496,892, respectively, includes land and land improvements, infrastructure, buildings, and machinery, equipment and tools.

The following table displays the City's capital assets:

Description	City of Glenarden Capital Assets	
	Governmental Activities	Business-type Activities
Land	\$ 922,656	\$ 0
Buildings and Improvements	1,543,257	1,006,169
Machinery and Equipment	1,421,905	62,346
Land Improvements	791,541	0
Infrastructure	1,127,368	0
Less: Accumulated Depreciation	(3,281,608)	(571,623)
Total	<u>\$ 2,525,119</u>	<u>\$ 496,892</u>

Long-term debt

At June 30, 2020 the City of Glenarden had \$150,572 in long-term debt including compensated absences.

ECONOMIC FACTORS AND ACTIVITIES

The City's real property tax rate remained constant at \$.3579 per \$100 assessed for the year ended June 30, 2021. The rate for tangible business personal property remained constant at \$.83 per \$100 assessed. However, due to the Pandemic of 2020 and some partial economic shutdowns, the City is anticipating a reduction of revenues from state income taxes and business personal property taxes in FY 2021.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the City Treasurer at 8600 Glenarden Parkway, Glenarden, Maryland 20706 or by calling 301-773-2100.

CITY OF GLENARDEN

Statement of Net Position
June 30, 2020

	Governmental Activities	Business-Type Activities	Totals
	<u> </u>	<u> </u>	<u> </u>
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	\$ 5,437,115	\$ 53,706	\$ 5,490,821
Accounts receivable - taxes, net of allowance	1,089,712	- 0 -	1,089,712
Accounts receivable - other, net of allowance	<u>167,625</u>	<u>- 0 -</u>	<u>167,625</u>
TOTAL CURRENT ASSETS	<u>6,694,452</u>	<u>53,706</u>	<u>6,748,158</u>
CAPITAL ASSETS			
Land - nondepreciable	922,656	- 0 -	922,656
Buildings, infrastructure and equipment	4,884,071	1,068,515	5,952,586
Less: accumulated depreciation	<u>(3,281,608)</u>	<u>(571,623)</u>	<u>(3,853,231)</u>
TOTAL CAPITAL ASSETS	<u>2,525,119</u>	<u>496,892</u>	<u>3,022,011</u>
OTHER ASSETS			
Advances to (from) other funds	<u>842,244</u>	<u>(842,244)</u>	<u>- 0 -</u>
TOTAL OTHER ASSETS	<u>842,244</u>	<u>(842,244)</u>	<u>- 0 -</u>
TOTAL ASSETS	<u>10,061,815</u>	<u>(291,646)</u>	<u>9,770,169</u>
LIABILITIES			
CURRENT LIABILITIES			
Accounts payable & accrued expenses	212,662	6,580	219,242
Long-term obligations - current portion	<u>29,948</u>	<u>- 0 -</u>	<u>29,948</u>
TOTAL CURRENT LIABILITIES	<u>242,610</u>	<u>6,580</u>	<u>249,190</u>
LONG TERM LIABILITIES			
Long-term obligations	<u>148,168</u>	<u>2,219</u>	<u>150,387</u>
TOTAL LIABILITIES	<u>390,778</u>	<u>8,799</u>	<u>399,577</u>
NET POSITION			
Net investment in capital assets	2,448,032	496,892	2,944,924
Restricted	1,539,909	- 0 -	1,539,909
Unrestricted	<u>5,683,096</u>	<u>(797,337)</u>	<u>4,885,759</u>
TOTAL NET POSITION	<u>\$ 9,671,037</u>	<u>\$ (300,445)</u>	<u>\$ 9,370,592</u>

See accompanying notes to financial statements

CITY OF GLENARDEN

Statement of Activities
For the Year Ended June 30, 2020

FUNCTIONS/PROGRAMS	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position			
		Charges For Services	Operating Grants & Contributions	Capital Grants & Contributions	Governmental Activities	Business-Type Activities	Total
GOVERNMENTAL ACTIVITIES:							
General government	\$ 1,611,902	\$ 80,186	\$ 32,304	\$ - 0 -	\$ (1,499,412)	\$ - 0 -	\$ (1,499,412)
Public safety	1,390,860	111,648	72,026	- 0 -	(1,207,186)	- 0 -	(1,207,186)
Public works	968,754	526,750	238,884	- 0 -	(203,120)	- 0 -	(203,120)
Recreation	3,892	- 0 -	- 0 -	- 0 -	(3,892)	- 0 -	(3,892)
Cable	34,667	- 0 -	62,611	- 0 -	27,944	- 0 -	27,944
Interest	2,595	- 0 -	- 0 -	- 0 -	(2,595)	- 0 -	(2,595)
Total Governmental Activities	<u>4,012,670</u>	<u>718,584</u>	<u>405,825</u>	<u>- 0 -</u>	<u>(2,888,261)</u>	<u>- 0 -</u>	<u>(2,888,261)</u>
BUSINESS-TYPE ACTIVITIES:							
Gold Room	120,969	17,462	- 0 -	- 0 -	- 0 -	(103,507)	(103,507)
Total Business-Type Activities	<u>120,969</u>	<u>17,462</u>	<u>- 0 -</u>	<u>- 0 -</u>	<u>- 0 -</u>	<u>(103,507)</u>	<u>(103,507)</u>
TOTAL PRIMARY GOVERNMENT	<u>\$ 4,133,639</u>	<u>\$ 736,046</u>	<u>\$ 405,825</u>	<u>\$ - 0 -</u>	<u>(2,888,261)</u>	<u>(103,507)</u>	<u>(2,991,768)</u>
GENERAL REVENUES:							
Taxes:							
Real estate					2,690,056	- 0 -	2,690,056
Personal property					205,279	- 0 -	205,279
Income					850,667	- 0 -	850,667
Other taxes and licenses					68,286	- 0 -	68,286
Cable franchise fees					100,297	- 0 -	100,297
Investment income					8,695	30	8,725
Miscellaneous					26,067	- 0 -	26,067
TOTAL GENERAL REVENUES					<u>3,949,347</u>	<u>30</u>	<u>3,949,377</u>
CHANGE IN NET POSITION					<u>1,061,086</u>	<u>(103,477)</u>	<u>957,609</u>
NET POSITION - BEGINNING					<u>8,609,951</u>	<u>(196,968)</u>	<u>8,412,983</u>
NET POSITION - ENDING					<u>\$ 9,671,037</u>	<u>\$ (300,445)</u>	<u>\$ 9,370,592</u>

See accompanying notes to financial statements

CITY OF GLENARDEN

Balance Sheet
Governmental Funds
June 30, 2020

	General Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
<u>ASSETS</u>				
Cash and cash equivalents	\$ 3,923,745	\$ 774,229	\$ 739,141	\$ 5,437,115
Accounts receivable - taxes	1,089,712	- 0 -	- 0 -	1,089,712
Accounts receivable - other	61,263	67,874	38,488	167,625
Advances to other funds	797,601	- 0 -	208,919	1,006,520
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Assets	<u>\$ 5,872,321</u>	<u>\$ 842,103</u>	<u>\$ 986,548</u>	<u>\$ 7,700,972</u>
 <u>LIABILITIES</u>				
Accounts payable and accrued expenses	\$ 198,252	\$ - 0 -	\$ 14,410	\$ 212,662
Advances from other funds	- 0 -	164,276	- 0 -	164,276
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Liabilities	<u>198,252</u>	<u>164,276</u>	<u>14,410</u>	<u>376,938</u>
 <u>DEFERRED INFLOWS OF RESOURCES</u>				
Unavailable revenue - income taxes	269,628	- 0 -	- 0 -	269,628
Unavailable revenue - property and other taxes	601,799	- 0 -	- 0 -	601,799
Unavailable revenue - due from other governments	- 0 -	5,788	38,488	44,276
Unavailable revenue - traffic camera	- 0 -	44,200	- 0 -	44,200
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Deferred Inflows of Resources	<u>871,427</u>	<u>49,988</u>	<u>38,488</u>	<u>959,903</u>
 <u>FUND BALANCES</u>				
Restricted	- 0 -	627,839	912,070	1,539,909
Committed	255,788	- 0 -	21,580	277,368
Unassigned	4,546,854	- 0 -	- 0 -	4,546,854
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Fund Balances	<u>4,802,642</u>	<u>627,839</u>	<u>933,650</u>	<u>6,364,131</u>
 Total Liabilities, Deferred Inflows of Resources and Fund Balances				
	<u>\$ 5,872,321</u>	<u>\$ 842,103</u>	<u>\$ 986,548</u>	<u>\$ 7,700,972</u>

See accompanying notes to financial statements

CITY OF GLENARDEN

Reconciliation of Balance Sheet - Governmental Funds to the Statement of Net Position
June 30, 2020

TOTAL FUND BALANCE - TOTAL GOVERNMENTAL FUNDS \$ 6,364,131

Amounts reported for Governmental Activities
in the Statement of Net Position are different
because:

Capital assets used in Governmental
Activities are not financial resources
and, therefore, are not reported in
the governmental funds.

Governmental capital assets	\$	5,806,727	
Less: accumulated depreciation		<u>(3,281,608)</u>	
			2,525,119

Long term liabilities associated with the acquisition
of capital assets are not reported in the
governmental funds. (66,227)

Long term liabilities associated with compensated
absences are not payable in the current
period and are not reported in the governmental
funds. (111,889)

Revenues that will be collected after year-end, but not
available soon enough to pay the current period's
expenditures are reported as deferred inflows of
resources.

Traffic camera fines		44,200	
Income taxes		269,628	
Due from other governments		44,276	
Property and other taxes		<u>601,799</u>	
			<u>959,903</u>

NET POSITION OF GOVERNMENTAL ACTIVITIES \$ 9,671,037

CITY OF GLENARDEN

Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Funds
For the Year Ended June 30, 2020

	General Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
REVENUES				
Taxes	\$ 3,638,128	\$ - 0 -	\$ - 0 -	\$ 3,638,128
Intergovernmental	105,498	5,788	184,024	295,310
Special assessments	526,750	- 0 -	- 0 -	526,750
Fines, licenses and permits	233,593	124,636	- 0 -	358,229
Interest income	8,695	- 0 -	- 0 -	8,695
Miscellaneous	29,571	- 0 -	- 0 -	29,571
Total Revenues	4,542,235	130,424	184,024	4,856,683
EXPENDITURES				
Current operating				
General government	1,529,672	4,071	76,956	1,610,699
Public safety	1,189,659	45,270	- 0 -	1,234,929
Public works	780,801	- 0 -	- 0 -	780,801
Recreation	3,892	- 0 -	- 0 -	3,892
Cable	- 0 -	33,457	- 0 -	33,457
Capital outlays	230,600	3,245	49,230	283,075
Debt service - principal	26,591	- 0 -	- 0 -	26,591
Debt service - interest	2,595	- 0 -	- 0 -	2,595
Total Expenditures	3,763,810	86,043	126,186	3,976,039
EXCESS OF REVENUES OVER (EXPENDITURES)	778,425	44,381	57,838	880,644
OTHER FINANCING SOURCES				
Proceeds from debt	31,204	- 0 -	- 0 -	31,204
Transfers in (out)	(60,000)	- 0 -	60,000	- 0 -
Total other financing sources	(28,796)	- 0 -	60,000	31,204
NET CHANGE IN FUND BALANCES	749,629	44,381	117,838	911,848
FUND BALANCES - BEGINNING	4,053,013	583,458	815,812	5,452,283
FUND BALANCES - ENDING	\$ 4,802,642	\$ 627,839	\$ 933,650	\$ 6,364,131

See accompanying notes to financial statements

CITY OF GLENARDEN

Statement of Net Position - Proprietary Fund
June 30, 2020

	<u>Major Enterprise Fund</u>	
	<u>Gold Room</u>	
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	<u>\$ 53,706</u>	
Total Current Assets		\$ 53,706
CAPITAL ASSETS		
Buildings, improvements & equipment	1,068,515	
Less: accumulated depreciation	<u>(571,623)</u>	
Total Capital Assets		<u>496,892</u>
TOTAL ASSETS		<u>550,598</u>
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	<u>6,580</u>	
Total Current Liabilities		6,580
NONCURRENT LIABILITIES		
Advances from other funds	842,244	
Compensated absences	<u>2,219</u>	
Total Noncurrent Liabilities		<u>844,463</u>
TOTAL LIABILITIES		<u>851,043</u>
NET POSITION		
Net investment in capital assets	496,892	
Unrestricted	<u>(797,337)</u>	
TOTAL NET POSITION		<u>\$ (300,445)</u>

See accompanying notes to financial statements

CITY OF GLENARDEN

Statement of Revenues, Expenses and Changes in Fund Net Position - Proprietary Fund
For the Year Ended June 30, 2020

	<u>Major Enterprise Fund</u>	
	<u>Gold Room</u>	
OPERATING REVENUES		
Rentals	\$	<u>17,462</u>
Total Operating Revenue		\$ 17,462
OPERATING EXPENSES		
Salaries and benefits		65,272
Contract expenses		1,254
Supplies		4,004
Repairs and maintenance		10,131
Depreciation		38,339
Other		<u>1,969</u>
Total Operating Expenses		<u>120,969</u>
OPERATING LOSS		(103,507)
NONOPERATING REVENUES (EXPENSES)		
Interest and investment earnings		<u>30</u>
Net Nonoperating Revenues		<u>30</u>
INCOME (LOSS) BEFORE TRANSFERS		(103,477)
Transfers in (out)		<u>-</u>
CHANGE IN NET POSITION		(103,477)
TOTAL NET POSITION - BEGINNING		<u>(196,968)</u>
TOTAL NET POSITION - ENDING		<u>\$ (300,445)</u>

See accompanying notes to financial statements

CITY OF GLENARDEN

Statement of Cash Flows - Proprietary Fund
For the Year Ended June 30, 2020

	<u>Major Enterprise Fund</u>	
	<u>Gold Room</u>	
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	\$ 17,462	
Cash payments to suppliers for goods and services	(16,709)	
Cash payments for salaries and benefits	<u>(60,501)</u>	
NET CASH FLOWS FROM OPERATING ACTIVITIES		\$ (59,748)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
Advances from other funds	<u>62,738</u>	
NET CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		62,738
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchases of capital assets	<u>(6,800)</u>	
NET CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		(6,800)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest income received	<u>30</u>	
NET CASH FLOWS FROM INVESTING ACTIVITIES		<u>30</u>
NET DECREASE IN CASH		(3,780)
CASH AND CASH EQUIVALENTS - BEGINNING		<u>57,486</u>
CASH AND CASH EQUIVALENTS - ENDING		<u>\$ 53,706</u>
 Reconciliation of operating loss to net cash flows from operating activities:		
Operating loss		\$ (103,507)
 Adjustments to reconcile operating loss to net cash flows from operating activities:		
Depreciation expense		38,339
Increase in accounts payable		649
Increase in accrued expenses		2,813
Increase in compensated absences		<u>1,958</u>
 Net cash flows from operating activities		<u>\$ (59,748)</u>

See accompanying notes to financial statements

CITY OF GLENARDEN

Statement of Fiduciary Net Position - Fiduciary Fund
June 30, 2020

	<u>Employee Benefit Plans</u>
ASSETS	
Investments with fiscal agents	<u>\$ 412,849</u>
NET POSITION	
Restricted for pensions	<u>\$ 412,849</u>

Statement of Changes in Fiduciary Net Position - Fiduciary Fund
For the Year Ended June 30, 2020

CONTRIBUTIONS	
Employer	\$ 28,064
Employee	18,821
Investment earnings (loss)	<u>(3,621)</u>
Total Contributions	<u>43,264</u>
DISTRIBUTIONS	
Benefits paid	14,640
Charges/fees	<u>506</u>
Total Distributions	<u>15,146</u>
CHANGE IN NET POSITION	28,118
TOTAL NET POSITION - BEGINNING	<u>384,731</u>
TOTAL NET POSITION - ENDING	<u>\$ 412,849</u>

See accompanying notes to financial statements

CITY OF GLENARDEN

Notes to Financial Statements June 30, 2020

1. Summary of Significant Accounting Policies

The City of Glenarden, Maryland (the City) was incorporated in March 1939 and is located in Prince George's County, Maryland. The City operates under a Council-Manager form of government and provides the following services as authorized by its charter: public safety, highways and streets, sanitation, health and social services, culture-recreation, public improvements, planning and zoning, and general administrative services. A substantial portion of the City's revenue is received from the property and income taxes related to the residents and businesses of the City, grants and contributions from other governments and rental fees provided by its Gold Room.

In evaluating how to define the City for financial reporting purposes, management has considered all potential component units. The basis for determining component units is the governing body's ability to exercise oversight responsibility or the existence of special financing relationships, regardless of whether the City is able to exercise oversight responsibilities. Based on this criteria, the City has concluded that there are no component unit relationships that are required to be presented in these financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation – The financial statements of the City are prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) as applicable to local governments. The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements.

The accounts of the City are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues, and expenditures or expenses, as appropriate. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

The government-wide statements are reported using the "economic resources" measurement focus and the accrual basis of accounting as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax revenues are recognized in the year for which they are levied, while grants and similar items are recognized as soon as all eligibility requirements imposed by the provider have been met.

Program revenues include: (1) charges for services which report fees and other charges to users of the City's services and facilities; (2) operating grants and contributions which finance annual operating activities; and (3) capital grants and contributions which fund the acquisition, construction, or rehabilitation of capital assets, when applicable. These revenues are subject to externally imposed restrictions to these program uses. Taxes and other revenue sources not properly included with program revenues are reported as general revenues.

While government-wide and fund financial statements are presented separately, they are interrelated. The governmental activities column of the government-wide statements incorporates data from governmental funds, while business-type activities incorporate data from the City's enterprise funds.

CITY OF GLENARDEN

Notes to Financial Statements June 30, 2020

1. Summary of Significant Accounting Policies (continued)

Separate financial statements are provided for each major governmental, proprietary and fiduciary fund. However, data from the fiduciary fund is not incorporated in the government-wide financial statements.

Governmental fund financial statements are reported using the "current financial resources" measurement focus and the modified accrual basis of accounting. Accordingly, only current assets and current liabilities are included in the balance sheet. The City's deferred outflows of resources and deferred inflows of resources are noncurrent. The statement of revenues, expenditures and changes in fund balances present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Under the modified accrual basis of accounting, revenues are recognized when they are both measurable and available. Available means collectible within the current period, or soon enough thereafter to pay current liabilities. The City considers revenues to be available if they are collected within 60 days of the end of the fiscal year. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Major revenue sources susceptible to year-end accruals include: Income tax receipts and property taxes. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). In general, all other revenues are considered to be measurable and available when cash is received.

Since the governmental funds financial statements are presented using a different measurement focus and basis of accounting than the government-wide statements, a reconciliation is presented on the page following each fund level statement that summarizes the adjustments necessary to convert the fund level statements into the government-wide presentation.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating income reported in proprietary fund financial statements include revenues and expenses related to the primary, continuing operations of the fund. Principal operating revenues for proprietary funds are charges to customers for rental fees. Principal operating expenses are the costs of providing services, including administrative expenses and depreciation of capital assets. Other revenues and expenses are classified as non-operating in the financial statements.

Fiduciary funds account for assets held by the City in a trustee capacity on behalf of others. As such, fiduciary funds are not reported in the government-wide statements.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as needed. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

CITY OF GLENARDEN

Notes to Financial Statements
June 30, 2020

1. Summary of Significant Accounting Policies (continued)

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. Short-term interfund loans are classified as "due to/from other funds." All short-term interfund receivables and payables at year end are planned to be eliminated in the subsequent year. Long-term interfund loans are classified as "advances to/from other funds." Any residual balances outstanding between governmental activities and business-type activities are reported as "advances to (from) other funds." Reimbursements are reported as reductions to expenses.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between funds included in business-type activities are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Fund Types and Major Funds

The accounts of the City are organized on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds are maintained consistent with legal and managerial requirements. There are no non-major funds in either fund category.

The City reports the following major governmental funds:

The General Fund - This is the primary operating fund of the City. It accounts for all of the financial resources and the legally authorized activities of the City except for those required to be accounted for in other specialized funds. The general fund accounts for the normal operating activities of the City. These activities are financed primarily by taxes, grants from other governments and charges for services.

Special Revenue Fund – This fund accounts for financial resources collected from speed camera violations and Public Educational or Government Access Grants whose purposes are limited to public safety and cable expenditures, respectively.

Capital Projects Fund – This fund accounts for financial resources associated with the acquisition or construction of major capital facilities not being financed by the proprietary fund.

The City reports the following major proprietary fund:

Gold Room – This fund accounts for the operation of the City's rental facility. It is intended to be self-supporting through user charges. Activities of the fund include administration, operation and maintenance of the facility.

CITY OF GLENARDEN

Notes to Financial Statements June 30, 2020

1. Summary of Significant Accounting Policies (continued)

The City reports the following fiduciary fund:

Employee Benefit Plans – This fund is used to account for assets held in trust for the payment of benefits under the City of Glenarden Defined Contribution Pension Fund and the City of Glenarden 457 Deferred Compensation Plan. This fund is reported using the “economic resources” measurement focus and the accrual basis of accounting.

Budgetary Data – Formal budgetary accounting is employed as a management control for the General Fund, Capital Projects Fund, Special Revenue Fund and the Enterprise Fund. The budgets are prepared annually by the Mayor with the assistance of the City Manager and are required to be submitted to the City Council by April 15th of each year.

Upon receipt of the budget, the City Council is required to publish a general summary of the proposed budget and tax levy and to hold a public hearing on the proposed budget. After submission to the City Council, the budget must be adopted prior to the second Monday in June of the current fiscal year and approved by a majority vote of the City Council. If the Council fails to adopt the budget by the second Monday in June, the budget for the current fiscal year shall be deemed adopted for the ensuing year as if it had been enacted by ordinance until the Council adopts a new budget.

The City Council may amend the budget. For day-to-day management control, expenditures should not exceed budget at the general classification of expenditure. The budget uses the same basis of accounting as used to reflect actual revenues and expenditures, except that prior year surpluses may be used to fund budget shortfalls.

Cash and Cash Equivalents – Cash and cash equivalents may include demand deposits, money market accounts, and investments in the Maryland Local Government Investment Pool (MLGIP.)

Accounts Receivable - Receivables not expected to be collected within 60 days of year end will be reported as a deferred inflow of resources in the Balance Sheet – Governmental Funds, as they are not currently available to the City. All receivables, excluding payments in lieu of taxes, personal property taxes and speed camera citations, are reported at gross values. Allowances are reported when management has determined that collection of the receivable is not probable. No other allowance for uncollectible accounts is deemed necessary.

Accounts Receivable - Taxes – Accounts receivable includes property and income taxes receivable.

Property Taxes Receivable - Taxes on real estate are billed and collected on behalf of the City by Prince George’s County which remits payment to the City. In addition, the City receives a payment in lieu of real property taxes from a local housing authority. Real property taxes receivable was \$72,784 as of June 30, 2020. Management has estimated that \$38,250 of amounts due from the housing authority will not be collected and accordingly has established an allowance for doubtful accounts in that amount. Of this amount, \$34,534 is not collectible within 60 days and accordingly has been deferred in the general fund.

CITY OF GLENARDEN

Notes to Financial Statements June 30, 2020

1. Summary of Significant Accounting Policies (continued)

Personal property taxes are billed and collected by the City based on assessed values provided by the State of Maryland. The balance of personal property taxes due was \$685,792. Management has estimated that \$118,527 of property taxes will not be collected and accordingly has established an allowance for doubtful accounts in that amount. Of this amount, \$567,265 is not collectible within 60 days and accordingly has been deferred in the general fund.

Income Taxes Receivable – Income taxes are collected by the State of Maryland which remits payment to the City. The balance of Income Taxes Receivable was \$487,913 as of June 30, 2020. Of this amount, \$269,628 is not collectible within 60 days and accordingly has been deferred in the general fund.

Accounts Receivable – Other – Includes amounts due from other governments, speed camera citations, cable franchise fees and other receivables.

Due from Other Governments – Consists of highway user fees, admission and amusement taxes and hotel taxes collected on behalf of the City by the State of Maryland or Prince George's County and remitted to the City as well as grant payments. Amounts due from other governments as of June 30, 2020 include highway user fees of \$38,488, police aid of \$23,631 and nutrition site grants of \$5,788. All were received within 60 days of year-end except for \$5,788 of nutrition grants and \$38,488 of highway user fees. This amount is deferred on the fund financial statements.

Speed Camera, net of allowance - As of June 30, 2020, the City had outstanding \$397,110 of unpaid citations and flagging fees. Management has determined citations greater than one year outstanding have a remote chance of collection and accordingly an allowance for doubtful accounts of \$345,220 has been established. The special revenue fund reports a short-term receivable of \$51,890. Of this amount, \$44,200 is not collectible within 60 days and accordingly has been deferred in the special revenue fund.

Cable franchise fees – Consists of franchise fees and PEG grants from local cable providers. The amount due for cable franchise fees was \$26,228. All were received within 60 days of year-end, therefore no amounts have been deferred.

Other receivables – Consists of permit fees from local developers. The amount due was \$21,600 and was received within 60 days of year-end, therefore no amounts have been deferred.

Net Capital Assets - The City's property, buildings and facilities with an initial, individual cost of more than \$500 and an estimated useful life of more than one year are stated at historical cost and comprehensively reported in the government-wide financial statements. All land is capitalized. Proprietary capital assets are also reported in their fund financial statements. Donated capital assets received on or before June 15, 2015 are stated at their estimated fair value at the date of donation. Donated capital assets received after June 15, 2015 are recorded at acquisition value. The costs of normal maintenance and repairs which do not add to the asset value or materially extend useful lives are not capitalized. Capital assets are depreciated using the straight-line method. When capital assets are disposed, the cost and applicable accumulated depreciation are removed from the respective accounts, and the resulting gain or loss is recorded as nonoperating revenue or expense.

CITY OF GLENARDEN

Notes to Financial Statements June 30, 2020

1. Summary of Significant Accounting Policies (continued)

The City has been exempted from retroactively reporting its infrastructure assets. However, all future construction or major improvements to the roads, bridges, sidewalks, drainage and lighting systems for the City will be capitalized and depreciated in a manner consistent with current policies for capital assets in the governmental and proprietary funds.

Estimated useful lives for depreciable assets are as follows:

Land improvements	15 - 50 years
Infrastructure	10 - 20 years
Buildings and improvements	5 - 50 years
Vehicles, furniture and equipment	3 - 20 years

Deferred Outflows and Inflows of Resources - A deferred outflow of resources represents consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. Likewise, a deferred inflow of resources represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time.

Compensated Absences - Compensated absences are those earned but unused absences for which employees will be paid, such as vacation and sick leave. Employees are granted vacation and sick leave in varying amounts. It is the City's policy to permit employees to accumulate earned but unused sick leave without limitation and up to 160 hours of vacation leave. Accumulated unpaid vacation leave at December 31 of each year in excess of 160 hours is forfeited.

Upon separation from employment, an employee will be paid for unused vacation leave, but not for unused sick leave. Vacation and sick leave are accrued as applicable in the government-wide and proprietary fund financial statements as part of long-term obligations. A liability is reported in governmental fund financial statements only if it has matured, for example, as a result of employee resignations and retirements.

Long-Term Obligations - In the government-wide financial statements, and for proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable business-type activities or proprietary fund type statement of net position. Issuance costs are expensed as incurred.

Net Position -

In the government-wide and proprietary fund financial statements, net position is classified in the following categories:

Net Investment in Capital Assets

This category groups all capital assets, including infrastructure, into one component of net position. Accumulated depreciation and the outstanding balance of the debt that is attributable to the acquisition, construction or improvement of these assets reduce this category. For governmental activities total capital assets of \$2,525,119 is reduced by long term debt of \$66,227 and further reduced by \$10,860 for the amount of accounts payable for capital improvements.

CITY OF GLENARDEN

Notes to Financial Statements June 30, 2020

1. Summary of Significant Accounting Policies (continued)

Restricted

This category represents the net position of the City which has been restricted for a specific project or purpose by a third party. As of June 30, 2020, the City's governmental activities restricted net position consisted of funds whose purpose was restricted by the donor for specific activities including street projects of \$912,070, public safety expenditures of \$135,957, the Nutrition Site of \$25,372, and Public Educational or Government Access Grants of \$466,510.

Unrestricted

This category represents the net position of the City, which is not restricted for any project or other purpose by third parties.

Fund Balance –

In the fund financial statements, fund balances are classified in the following categories:

Nonspendable

This category includes amounts that cannot be spent due to form, such as inventory, prepaid amounts, long term receivables or amounts that must be maintained intact legally or contractually. As of June 30, 2020, the City had no nonspendable funds.

Restricted

This category includes amounts constrained by an external party, constitutional provision or enabling legislation. As of June 30, 2020, balances classified as restricted consisted of funds whose purpose was restricted by the donor for street projects of \$912,070, public safety expenditures of \$135,957, the Nutrition Site of \$25,372, and Public Educational or Government Access Grants of \$466,510.

Committed

This category includes amounts constrained for a specific purpose by the Mayor and Council using its highest level of decision making authority, prior to year end. As of June 30, 2020, the Mayor and Council committed \$255,788 for trash removal contracts, and \$21,580 for street projects.

Assigned

This category includes amounts constrained by the intent to be used for a specific purpose by a governing board which has the authority to assign funds. As of June 30, 2020, the City had no assigned funds.

Unassigned

This category includes all funds which are not specifically classified as Nonspendable, Restricted, Committed or Assigned.

Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reported period. Actual results could differ from those estimates.

CITY OF GLENARDEN

Notes to Financial Statements
June 30, 2020

2. Cash and Cash Equivalents

Deposits are carried at cost plus accrued interest. The carrying amount of deposits is separately displayed on the balance sheet as "Cash and cash equivalents." Cash and cash equivalents include demand deposits, money market accounts, and investments in the Maryland Local Government Investment Pool (MLGIP).

The City is a participant in the MLGIP, which was established by the State of Maryland as an investment vehicle for short-term investment of funds by local municipalities. The MLGIP, under the control of the state treasurer, has been managed by a single financial institution. The MLGIP is operated in accordance with Rule 2a-7 (SEC-registered) of the Investment Company Act of 1940, as amended. The fair value is based on a share price of \$1.00 per share (Level 1). As of June 30, 2020, all pool holdings are in cash and cash equivalents.

Credit Risk - The City has adopted a policy to be followed when investing public funds in accordance with the provisions of Section 17-101 of the Local Government Article of the Annotated Code of Maryland which prescribes the type of investments permissible for Maryland Municipalities. This policy requires that City funds be invested in obligations for which the United States has pledged its full faith and credit, obligations insured by a federal agency (such as the FDIC), obligations collateralized by federal obligations, and portfolios created under the Maryland Local Government Investment Pool. The City was in compliance with the provisions of the Annotated Code of Maryland as of June 30, 2020, which was adopted to mitigate credit risk for the City.

Interest Rate and Credit Risk – The City manages interest rate and credit risk by investing primarily in short term holdings, including demand deposits and MLGIP.

Custodial Credit Risk – The City manages custodial credit risk through its use of permissible investments based on its compliance with the Annotated Code of Maryland as previously described. As such, uninsured or uncollateralized funds are not permitted.

Deposits recorded in the following schedule are reported in the financial statements as Cash and Cash Equivalents.

Deposits by level of risk are:

	<u>Carrying Amount</u>	<u>Bank Balance</u>
Cash on hand	\$ 4,539	\$ - 0 -
FDIC Insured	250,000	250,000
Uninsured, collateral held by pledging bank's Trust Department in the City's name	4,814,911	5,041,645
Maryland Local Government Investment Pool	<u>421,371</u>	<u>421,371</u>
Total deposits	<u>\$ 5,490,821</u>	<u>\$ 5,713,016</u>

CITY OF GLENARDEN

Notes to Financial Statements
June 30, 2020

3. Capital Assets

Capital asset activity for the City for the year ended June 30, 2020 was as follows:

	Beginning Balance		Increases		Decreases		Ending Balance
Governmental Activities:							
Land - nondepreciable	\$ 922,656	\$	- 0 -	\$	- 0 -	\$	922,656
Land improvements	774,941		16,600		- 0 -		791,541
Infrastructure	1,127,368		- 0 -		- 0 -		1,127,368
Buildings & improvements	1,543,257		- 0 -		- 0 -		1,543,257
Vehicles, furniture and equipment	<u>1,334,417</u>		<u>266,475</u>		<u>178,987</u>		<u>1,421,905</u>
Total	<u>5,702,639</u>	\$	<u>283,075</u>	\$	<u>178,987</u>		<u>5,806,727</u>
Less: Accumulated depreciation							
Land improvements	352,290	\$	23,254	\$	- 0 -		375,544
Infrastructure	578,951		96,572		- 0 -		675,523
Buildings & improvements	1,252,170		33,688		- 0 -		1,285,858
Vehicles, furniture and equipment	<u>978,433</u>		<u>143,079</u>		<u>176,829</u>		<u>944,683</u>
Total accumulated depreciation	<u>3,161,844</u>	\$	<u>296,593</u>	\$	<u>176,829</u>		<u>3,281,608</u>
Governmental Activities Capital Assets, net		\$	<u>2,540,795</u>			\$	<u>2,525,119</u>

Depreciation expense was charged to governmental functions as follows:

General government	\$ 66,747
Public safety	117,748
Public works	110,888
Cable	<u>1,210</u>
Total depreciation expense	\$ <u>296,593</u>

	Beginning Balance		Increases		Decreases		Ending Balance
Business-type activities:							
Building & improvements	\$ 1,006,169	\$	- 0 -	\$	- 0 -	\$	1,006,169
Equipment	<u>55,546</u>		<u>6,800</u>		- 0 -		<u>62,346</u>
Total	<u>1,061,715</u>	\$	<u>6,800</u>	\$	- 0 -		<u>1,068,515</u>
Less: accumulated depreciation							
Buildings & improvements	477,738	\$	37,529	\$	- 0 -		515,267
Equipment	<u>55,546</u>		<u>810</u>		- 0 -		<u>56,356</u>
Total accumulated depreciation	<u>533,284</u>	\$	<u>38,339</u>	\$	- 0 -		<u>571,623</u>
Business-type Activities Capital Assets, Net		\$	<u>528,431</u>			\$	<u>496,892</u>

Depreciation expense for business-type activities for the year ended June 30, 2020 was \$38,339.

CITY OF GLENARDEN

Notes to Financial Statements
June 30, 2020

4. Long Term Obligations

Long-Term Obligations at June 30, 2020 consists of:

Governmental Activities:

Direct Borrowings:

Lease Purchase – Suntrust Bank

Total authorized and issued as of June 30, 2020 - \$92,000.

Principal paid through June 30, 2020 – \$55,536.

Interest at 4.50%. Monthly principal and interest payments of \$2,101 through December, 2021.

\$ 36,464

Compensated Absences

111,889

Total Governmental Activities

\$ 148,353

Business-type Activities:

Compensated Absences

2,219

Total Long-Term Obligations

\$ 150,572

Compensated absences liabilities are liquidated by the fund that incurred the personnel cost (i.e. general or gold room funds).

The City's outstanding direct borrowings contain acceleration provisions that in the event of default the full amount outstanding including accrued interest may become due and payable including charging a default rate at the lesser of the stated rate plus 4% or the maximum allowed by law until paid in full. Additionally, the lender may offset the amount due against the City's deposits with the lender institution. Defaults would be triggered by events such as bankruptcy or failure to pay principal and interest when due.

The total cost of assets acquired under lease purchases and capitalized is \$92,000 and as of June 30, 2020 accumulated depreciation is \$56,595. These assets are held as security and collateral on the related lease purchase agreement.

During the year ended June 30, 2020, the following changes occurred in Long-Term Obligations:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities:				
Leases purchases	\$ 59,383	\$ - 0 -	\$ 22,919	\$ 36,464
Compensated Absences	<u>87,685</u>	<u>24,204</u>	<u>- 0 -</u>	<u>111,889</u>
Totals	<u>\$ 147,068</u>	<u>\$ 24,204</u>	<u>\$ 22,919</u>	<u>\$ 148,353</u>
Business-type Activities:				
Compensated Absences	<u>\$ 261</u>	<u>\$ 1,958</u>	<u>\$ - 0 -</u>	<u>\$ 2,219</u>

CITY OF GLENARDEN

Notes to Financial Statements
June 30, 2020

4. Long Term Obligations (continued)

Future debt service requirements are as follows:

Years Ending June 30:	Governmental Activities	
	Principal Maturing	Interest Payable
2021	\$ 24,063	\$ 1,144
2022	12,401	161
Totals	\$ 36,464	\$ 1,305

5. Equipment Leases

In March 2020, the City entered into a 60-month lease through March 2025 for office equipment meeting the criteria for capital lease treatment. The lease is payable in monthly installments of \$565. The lease replaced the existing lease noted below. The cost of the equipment capitalized and included in governmental activities was \$31,204 and accumulated depreciation as of June 30, 2020 is \$1,560.

In February 2016, the City entered into a 60-month lease through February 2021 for office equipment meeting the criteria for capital lease treatment. The lease is payable in monthly installments of \$231. The lease was terminated early by entering into the new lease above, the related equipment was returned and the outstanding lease balance was forgiven.

Activity for the year ended June 30, 2020 was as follows:

Amount payable at beginning of year	\$ 4,513
Advances	31,204
Principal retirements	(3,672)
Forgiveness of existing lease	(2,282)
Amount payable at end of year	\$ 29,763

Future minimum lease payments at June 30, 2020 are as follows:

Years ending June 30, 2021	\$ 6,777
2022	6,777
2023	6,777
2024	6,777
2025	5,083
	32,191
Less: amounts representing interest and taxes	2,428
Present value of net minimum lease payments	\$ 29,763

In October 2018, the City entered into a 60-month lease through October 2023 for office equipment that did not qualify for capital lease treatment. The lease is payable in quarterly installments of \$474. Total expense for the year ended June 30, 2020 and included in governmental activities was \$1,895

CITY OF GLENARDEN

Notes to Financial Statements
June 30, 2020

5. Equipment Leases (continued)

Future minimum lease payments at June 30, 2020 are as follows:

Years ending June 30, 2021	\$	1,895
2022		1,895
2023		1,895
2024		<u>948</u>
	\$	<u>6,633</u>

6. Property Tax

Property taxes on real estate are recorded as receivables and attach as an enforceable lien on property on July 1, the date levied. Semi-annual installment payments are mandatory for qualified properties unless the taxpayer chooses to pay in one installment. Qualified property is defined as "an owner-occupied principal residence". Under the semi-annual plan, one-half of the tax bill is due September 30 with the balance due on December 31. For all other properties, the bill is due in its entirety on September 30. After the due date, interest is charged on the delinquent portion. All delinquent taxes are turned over to the county for tax sale. The tax rate for the fiscal year ended June 30, 2020 was \$0.3579 per \$100 assessed value for real.

Personal property taxes are billed annually by the City, based on an assessment determined by the State of Maryland. The tax rate for the fiscal year ended June 30, 2020 was \$.83 per \$100 assessed value for personal property.

The government-wide financial statements reflect the personal property taxes in the period they were earned, that is the tax year for which they were levied. However, due to late collections, personal property taxes are reported as a deferred inflow in the fund financial statements as of June 30, 2020. Management has estimated that \$118,527 of personal property taxes will not be collected and accordingly has established an allowance in that amount.

7. Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City purchases insurance to protect its interest in its property and equipment, insurance against employee dishonesty and liability protection. During the year ended June 30, 2020, there was no significant reduction in insurance coverage. Settled claims resulting from these risks have not exceeded insurance coverage in any of the past three years. Insurance is provided through the Maryland Local Government Insurance Trust (the "Trust") and by commercial insurance. The Trust is a total risk and cost sharing plan for all participants. In the event that the Trust's General Fund falls into a deficit that cannot be satisfied by transfer from the Trust's capital and surplus accounts, the Trustees determine a method to fund the deficit. The trust agreement empowers the Trustees to assess an additional premium to each deficit-year participant. Debt issues could also be used to fund a deficit.

CITY OF GLENARDEN

Notes to Financial Statements June 30, 2020

8. Employee Benefit Plans

The City offers a defined contribution plan to all employees meeting certain age and service requirements administered by Mutual of America. The plan was adopted by resolution of the Mayor and Council. Employer contributions may be amended by the Mayor and Council annually as part of the budget process. During the current year the City contributed 2.5% of salary for each employee who had been employed for 90 days. No contributions are required by employees. Participants are 100% vested after three years of service. The City's contribution for the year ended June 30, 2020 was \$28,064.

The City also offers a deferred compensation plan created in accordance with Internal Revenue Service Code 457(b). All employee contributions are fully vested. During the year ended June 30, 2020, City employees contributed \$18,821.

9. Interfund Receivables, Payables and Transfers

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. Short-term interfund loans are classified as "due to/from other funds." All short-term interfund receivables and payables at year end are planned to be eliminated in the subsequent year. Any residual balances outstanding between governmental activities and business-type activities are reported in the government-wide financial statements as "advances to (from) other funds." These funds were utilized to complete various projects of the City and support overhead operations in the Gold Room. Advances due to governmental activities as of June 30, 2020 totaled \$842,244.

During the year ended June 30, 2020, funds advanced to the Gold Room to support operations and improvements were \$62,738 provided from the general fund.

Transfers are used to: (1) move revenues from the fund that is required to collect them to the fund that is required or allowed to expend them and (2) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. During the year ended June 30, 2020, the City transferred \$60,00 out of the general fund to the capital projects fund in support of projects.

10. Contingent Liabilities and Commitments

In March 2020, significant mitigation efforts began taking effect in the United States in an attempt to curtail the spread of the coronavirus (COVID-19) pandemic. Such efforts have included travel restrictions, business closures, and event cancellations. Capital markets have seen significant volatility in the wake of the pandemic and significant economic disruptions are likely to occur. In response, the City has altered its operations by reducing personnel on-site and closing city buildings to the public. Management cannot reasonably estimate the related financial impact and duration of the situation at this time. However, the City believes it has sufficient cash to sustain operations in the event of continued disruption. Management intends to monitor the situation on an ongoing basis and to continue efforts to reduce its impact on the City's operations and financial resources

CITY OF GLENARDEN

Notes to Financial Statements June 30, 2020

10. Contingent Liabilities and Commitments (continued)

Most grants and cost-reimbursable contracts specify the types of expenditures for which the grants or contract funds may be used. The expenditures made by the City under some of these grants and contracts are subject to audit. To date, the City has not been notified of any significant unallowable costs relating to its grants or contracts. In the opinion of management, adjustments for unallowable costs, if any, resulting from such audits will not have a material effect on the accompanying financial statements.

In the ordinary course of business, the City is party to several lawsuits which management is vigorously defending. No accruals have been made for a loss contingency because the outcome of the case cannot be determined at this time. In addition, the City is insured for the remaining claims through the Local Government Insurance Trust. During the year, the City was dismissed from one of the cases.

The City has a trash removal contract with Goode Trash Removal for the period May 1, 2018 through April 30, 2021. The contract calls for a base price of \$306,945 per year or a total of \$920,835, of which \$255,788 remains outstanding as of June 30, 2020.

11. Tax Abatements

The State of Maryland has designated certain parcels within the corporate limits of the Town as "Enterprise Zones" pursuant to the Economic Development Article, Sections 5-701 through 5-708 of the Annotated Code of Maryland. Businesses located in the Enterprise Zone may qualify for a tax credit equal to the amount of real property tax imposed on the eligible assessment of the qualified property as defined in Section 9-103 of the Tax Property Article for a period of ten years. The percentage of the credit is 80% during years 1 through 5 and declines by 10% each subsequent year down to 30% in year 10.

Companies applying for the credit must submit data as required by the local zoning administrator who is responsible for determining the firm continues to meet the eligibility criteria. There is no recapture provision. If the zoning administrator determines the firm is not in compliance with the terms of the program it will lose the credit for those years it is not in compliance. During the year ended June 30, 2020, \$6,449 in Real Property Taxes were abated as part of this program.

12. Deficit of Major Enterprise Fund Net Position

The Gold Room has a deficit in unrestricted net position of (\$797,337) as of June 30, 2020. The City is evaluating its options to return the Gold Room to a positive net position.

CITY OF GLENARDEN

Notes to Financial Statements
June 30, 2020

13. Subsequent Events

In July 2020, the City voted to continue to participate in the State Enterprise Zone Tax Credit Program for an additional five years.

In October 2020, the City voted to allow employees to carry over excess leave due to the pandemic through May 1, 2021.

In December 2020, the City awarded a contract in the amount of \$49,888 for a replacement air conditioning unit and is expecting to be partially reimbursed for the cost by the City's insurance provider.

In preparing these financial statements, management has evaluated events and transactions for potential recognition through February 24, 2021 the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF GLENARDEN
Schedule of Revenues and Expenditures - Budget and Actual
General Fund
For the Year Ended June 30, 2020

	General Fund			
	Original Budget	Final Budget	Actual	Variance
Revenues				
Taxes	\$ 3,147,798	\$ 3,668,694	\$ 3,638,128	\$ (30,566)
Intergovernmental	76,372	76,372	105,498	29,126
Charges for services	415,826	526,750	526,750	- 0 -
Fines, licenses and permits	440,350	317,375	233,593	(83,782)
Interest income	1,200	1,200	8,695	7,495
Miscellaneous	13,000	16,000	29,571	13,571
Total Revenues	<u>4,094,546</u>	<u>4,606,391</u>	<u>4,542,235</u>	<u>(64,156)</u>
Other financing sources(uses) - transfers	29,680	597	(60,000)	(60,597)
Other financing sources - loan	- 0 -	- 0 -	31,204	31,204
	<u>29,680</u>	<u>597</u>	<u>(28,796)</u>	<u>(29,393)</u>
Total revenues and other financing sources	<u>4,124,226</u>	<u>4,606,988</u>	<u>4,513,439</u>	<u>(93,549)</u>
Expenditures				
General government	1,864,380	1,880,838	1,529,672	351,166
Public safety	1,183,469	1,264,060	1,189,659	74,401
Public works	906,211	955,506	780,801	174,705
Cable	48,100	48,100	- 0 -	48,100
Recreation	7,700	19,700	3,892	15,808
Capital outlays	10,184	268,139	230,600	37,539
Debt service - principal	37,526	27,000	26,591	409
Debt service - interest	3,374	16,900	2,595	14,305
Total expenditures	<u>4,060,944</u>	<u>4,480,243</u>	<u>3,763,810</u>	<u>716,433</u>
Excess of revenue and other financing sources over expenditures	<u>\$ 63,282</u>	<u>\$ 126,745</u>	<u>\$ 749,629</u>	<u>\$ 622,884</u>

See accompanying notes to required supplementary information

CITY OF GLENARDEN
Schedule of Revenues and Expenditures - Budget and Actual
Special Revenue Fund
For the Year Ended June 30, 2020

	Special Revenue Fund			
	Original Budget	Final Budget	Actual	Variance
Revenues				
Intergovernmental	\$ 71,576	\$ 76,280	\$ 5,788	\$ (70,492)
Fines, licenses and permits	114,080	96,000	124,636	28,636
Prior year revenue	132,526	25,600	- 0 -	(25,600)
Total Revenues	<u>318,182</u>	<u>197,880</u>	<u>130,424</u>	<u>(67,456)</u>
Other financing sources(uses) - transfers	<u>- 0 -</u>	<u>- 0 -</u>	<u>-</u>	<u>-</u>
Total revenues and other financing sources	<u>318,182</u>	<u>197,880</u>	<u>130,424</u>	<u>(67,456)</u>
Expenditures				
General government	11,576	11,576	4,071	7,505
Public safety	101,108	108,000	45,270	62,730
Cable	73,600	33,600	33,457	143
Capital outlays	131,898	40,000	3,245	36,755
Total expenditures	<u>318,182</u>	<u>193,176</u>	<u>86,043</u>	<u>107,133</u>
Excess of revenue and other financing sources over expenditures	<u>\$ - 0 -</u>	<u>\$ 4,704</u>	<u>\$ 44,381</u>	<u>\$ 39,677</u>

See accompanying notes to required supplementary information

CITY OF GLENARDEN

Notes to Required Supplementary Information June 30, 2020

Budgetary Information

The City follows these procedures in establishing the budgetary data:

- a. Prior to April 15th, the Mayor submits to the City Council a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them.
- b. A public hearing is conducted to obtain public comments after notice has been given in newspaper(s) having general circulation within the City.
- c. The budget is legally enacted through a majority vote of the City Council prior to the second Monday in June. Adoption of the budget shall be by a favorable vote of at least a majority of the Council.
- d. Adoption of the budget by the Council shall constitute appropriation of the amounts specified therein as expenditures from the funds indicated and shall constitute a levy of the property tax proposed.
- e. The budget may be amended by passing of an ordinance approved by at least two-thirds of the Council.
- f. Upon written request by the Mayor, the Council may, by ordinance, adopted by a two-thirds majority of the Council, transfer part or all of any unencumbered appropriation from one expenditure classification to another.
- g. Appropriations, except an appropriation for a capital expenditure, lapse at the year-end unless legally encumbered. Capital expenditure appropriations shall continue in force until the purpose has been accomplished or abandoned if 3 years passes without any disbursement or encumbrance of the appropriation.

The legal level of budgetary control is at the level of general classification of expenditure. The City did not exceed its budget at June 30, 2020 in the general fund. The City did not exceed its budget at June 30, 2020 in the special revenue fund.

The Council failed to adopt a budget by the specified date, therefore by statute, the existing budget from FY 2019 was deemed the original budget for FY 2020. On July 30, 2019, the City Council adopted the budget for FY 2020 which is reflected as the Final Budget for FY 2020.